



CITY COUNCIL

CITY AND COUNTY OF HONOLULU
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FOR IMMEDIATE RELEASE
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Councilmember Donovan M. Dela Cruz Introduces Bill 50 Amendment to Address Needs of Low-Income Bus Riders

HONOLULU—In an effort to decrease the financial burden on low-income bus riders, Honolulu City Councilmember Donovan M. Dela Cruz will introduce an amendment to Bill 50 (2003), titled *Relating to Advertising on City Transit Buses*. "Bill 50 offers an alternative to generating revenues other than increasing bus fares as Bill 53 proposes," said Councilmember Dela Cruz. "Some of the proposed increases are going to create financial difficulty for a lot of riders. And cutting service to make up the shortfall is not an option."

The City Administration has repeatedly stated that if the City Council does not adopt a version of Bill 53 (2003), titled *Relating to Public Transit Fares*, that generates \$6.8 million, then 100,000 bus service hours will be cut, which could also lead to layoffs of up to 40 union employees.

The administration has also stated providing discounts and waivers for low-income riders through a circuit breaker would diminish revenues, making the \$6.8 million difficult to achieve. However, the proposed Bill 50 amendment would create a revenue source to provide for discounts and waivers to low-income riders.

"People who depend on the bus have to be able to afford to ride it," said Councilmember Dela Cruz. "It's imperative that we institute a circuit breaker. No matter how you cut it, raising \$6.8 million through fares is going to hurt."

The proposed Bill 50 amendment states "Revenues derived from the sale of advertising spaces shall be used for a bus fare program for low-income persons when such a program is established."

An informational poll was recently conducted of five transit agencies across the country. It showed that four of the five transit agencies contacted reported that they issue requests for proposals for exterior bus advertising and generally require a guaranteed minimum revenue

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return. Only one agency, the Milwaukee County Transit System, operates its bus advertising program in-house.

The revenues earned for the municipalities ranged from a low of less than \$600,000 to a high of \$3.85 million. Earnings anticipated for the next year range from a low of less than \$600,000 to a high of \$2.5 million.

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Table I below compares the five jurisdictions and their bus systems with the City and County of Honolulu and its bus system in terms of fleet size and passenger miles.

TABLE I

GEOGRAPHIC LOCATION SERVED	TRANSIT AGENCY	VEHICLES AVAILABLE FOR MAXIMUM SERVICE¹	ANNUAL PASSENGER MILES² (Thousands)
Dallas, Texas	Dallas Area Rapid Transit Authority	800	317,209.2
<i>Honolulu, Hawaii</i>	City and County of Honolulu (Department of Transportation Services)	525	351,624.0
Miami, Florida	Miami-Dade Transit Agency	600	283,461.5
Milwaukee, Wisconsin	Milwaukee County Transit System	500	198,470.8
<i>San Francisco- Oakland, California</i>	Alameda-Contra Costa Transit District	700	218,660.1
<i>San Jose, California</i>	Santa Clara Valley Transportation Authority	536	184,306.7

¹ "Vehicles Available for Maximum Service" means the number of revenue vehicles available to meet the annual maximum service requirement including spares, out of service vehicles, and vehicles awaiting or in maintenance. The vehicle count was obtained directly from each of the transit agencies contacted.

² "Annual Passenger Miles" means the total number of passengers carried by a transit system for a unit of time multiplied by the number of miles they traveled. The annual passenger miles data were obtained from the National Transit database for FY 2001.

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The following Table II provides the advertising revenues earned and the anticipated advertising revenues, as reported by the selected transit agencies, for bus advertising only. The revenues earned and estimated for interior bus advertising only for the City and County of Honolulu have also been included in Table II.

TABLE II

TRANSIT AGENCY	ANNUAL ADVERTISING REVENUES EARNED	ANNUAL ADVERTISING REVENUES ANTICIPATED	COMMENTS
<i>Dallas Area Rapid Transit Authority</i> (Dallas, Texas)	\$2.5 million	\$2.5 million	The agency put its transit advertising out to bid and selected Obie Media, which offered the highest guaranteed annual revenues to the transit agency. ³ The contract runs from November to October of the following year.

³ The Marketing and Advertising staffer of the Dallas Area Rapid Transit Authority was uncertain on the length of the contract.

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TRANSIT AGENCY	ANNUAL ADVERTISING REVENUES EARNED	ANNUAL ADVERTISING REVENUES ANTICIPATED	COMMENTS
<i>Miami-Dade Transit Agency</i> (Miami, Florida)	\$825,000	\$1 million	The advertising revenues earned are for FY 2001 based on a contract with Gateway Outdoor advertising. Due to contractual problems, no revenues were earned for FY 2002 and currently, there is no exterior bus advertising. According to the Agency's Marketing and Communications staffers, the revenues requested under the RFP currently out for bid requires a minimum \$1 million in revenues to the transit agency and 60% of all advertising revenues earned in excess of a \$1 million. ⁴
<i>Milwaukee County Transit System</i> Milwaukee, Wisconsin	\$600,000 ⁵	\$600,000 ⁶	The agency handles the advertising on the exterior and interior of its buses in-house. The advertising staff noted that while it is difficult to separate the interior and exterior advertising revenues, most of the advertising revenues earned are from the exterior of the buses and also, that the anticipated bus advertising revenues is expected to remain the same as last year.

⁴ The Marketing and Communications staffer indicated that the revenues requested under the current RFP is lower than in the past because of the economic slowdown in Florida. The last RFP issued required a minimum of \$1.8 million.

⁵ The Marketing Department staffer of the Milwaukee County Transit System reported that this figure is an estimate of advertising on the interior and exterior of the buses and at the 50 bus shelters. He also stated that of the total amount of revenues generated from bus advertising, only \$40,000 is generated from advertising at bus shelters.

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TRANSIT AGENCY	ANNUAL ADVERTISING REVENUES EARNED	ANNUAL ADVERTISING REVENUES ANTICIPATED	COMMENTS
Alameda-Contra Costa Transit District (San Francisco-Oakland, California)	\$1.8 million	\$2 million	The agency reportedly earned \$1.8 million in FY 2003. Viacom Outdoor advertising was the contractor and the only bidder with a \$2 million guaranteed revenue return anticipated for FY 2004. According to the Market Development staffer, the guaranteed return for the next contract will probably be reduced because of California's economic problems.
<i>Santa Clara Valley Transportation Authority</i> San Jose, California	\$3.85 million	\$1.5 million	The advertising revenues reportedly earned are for calendar year 2002. For calendar year 2003, Viacom Outdoor advertising is required to guarantee \$1.5 million in advertising revenues to this Authority. The contract is for one year with an option to extend for another year.
<i>City and County of Honolulu</i> Department of Transportation Services	\$134,062 ⁷	\$185,000	While ROH Section 13-6.10 prohibits advertising on the exterior of city transit buses, Section 13-6.9 permits advertising on the inside of city buses. The figure represents revenues earned for FY 2002. The anticipated revenues for FY 2003 was provided by the

⁶ The Marketing Department staff stated that the agency's advertising revenues has been stable. Hence, the agency is anticipating the same revenue return as the last calendar year.

⁷ This figure represents the revenues earned for FY 2002 for interior advertising on TheBus.

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TRANSIT AGENCY	ANNUAL ADVERTISING REVENUES EARNED	ANNUAL ADVERTISING REVENUES ANTICIPATED	COMMENTS
			Department of Transportation Services; however, the actual FY 2003 revenues earned as reported through the end of May, FY 2003 is \$83,399.
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Billboards are not allowed in Maine, Alaska and Vermont, but these states have allowed advertising on buses. Exterior advertising is already a practice in Hawaii as evidenced on commercial buses, large trucks and vans.

¹² This figure represents the revenues earned for FY 2002 for interior advertising on TheBus.

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“We must look at all viable options to raise new revenues to support our public transportation system other than raising taxes or fees,” said Councilmember Dela Cruz. “I invite the city administration, and all other opponents of exterior advertising to offer any ideas to raise revenues to avoid service cuts and further fare increases.”

Bill 50 will be heard at a joint Transportation/Budget committee, 9:30 a.m., Wednesday, September 10.

Supporters of Bill 50 can contact their Councilmember at 547-7000.

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